CMHC HOUSING OUTLOOK: NATIONAL EDITION

Canada Mortgage and Housing Corporation

Residential construction to ease in 2005

Fourth Quarter, 2004

Overview

Housing starts:
2004: 226,800
2005: 210,200

Resales:
2004: 462,600
2005: 445,900

Housing starts: Favourable economic factors will carry residential construction activity to a 17 year high this year. Housing starts will ease next year as a combination of factors slows activity in the new home market.

Resales: Sales of existing homes in 2004 will post a record for a third consecutive year before easing in 2005 as rising carrying costs moderate sales activity.

Resale prices: With price increases at or near double digits since 2002, sellers have benefited from a combination of record sales activity and a constrained number of listings. With moderating sales and rising listings next year, future price increases will be more modest. (Details on Page 3)

The Nation's HOT SPOTS

British Columbia: Residential construction in B.C. is booming this year and there are no signs of a slowdown for 2005. Solid gains in employment, increased interprovincial migration and high levels of consumer confidence will continue to drive housing demand. Indeed, B.C. will be the only province in Canada to register an increase in housing starts next year. (Details on Page 8)

Alberta: Economic growth in Alberta is poised to lead the nation this year and next. A key factor behind this strong performance will be the continued high levels of investment in the oil and gas sector. Projected budget surpluses and higher exports to the U.S. will also boost Alberta's economic momentum. In spite of the strong economic growth, housing starts will edge lower this year and next. (Details on Page 9)

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The forecast for this issue was completed in October 2004.

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ISSN 1488-6537 Product # 61500-2004-Q04

National Housing Outlook

In Detail

Housing starts in Canada are on track to set a 17-year high at 226,800 units this year which will represent the second highest number of total starts since 1978. New home construction activity is expected to moderate in the months ahead and housing starts will ease in 2005 to 210,200 units.

Low mortgage rates continue to stoke the housing market by keeping carrying costs down despite solid price gains. The hot resale market continues to break sales records while listings remain tight. Thus, many potential resale buyers have moved to the new home market to meet their housing needs. As the sales-to-new listings ratio eases in the coming months, so will this spillover effect.

Although employment gains have moderated somewhat in recent months, the creation of an additional 285,000 jobs this year and 301,000 jobs in 2005 will continue to encourage new household formation. Fluctuations in mortgage rates witnessed throughout 2004 have been relatively small in magnitude and the current mortgage rate environment remains attractive to prospective home buyers. Rising carrying costs in 2005 will result in housing demand moving off its current record level.

Single detached starts to moderate in 2005

Single detached construction activity will hit a 16-year high at 127,500 starts this year before moderating 7.5 per cent in 2005 to 118,000 starts. For 2005, single family housing starts are forecast to decline in every province across Canada except British Columbia where activity is expected to marginally outpace 2004's performance. The largest percentage declines in 2005 will be recorded in Prince Edward Island, Newfoundland and Quebec where single detached starts are forecast to drop by 14.2, 12.6 and 10.5 per cent respectively.

Starts of multi-family homes to pull back next year

Multi-family dwelling starts (semi-detached, row and apartment units) will peak this year at 99,300 units, an 18-year high, before pulling back in 2005 to 92,200 units. Increases in row and apartment construction will push multiples higher in 2004 as semi-detached starts are forecast to be virtually unchanged from their showing in 2003. Multiples are moving ahead this year mainly due to the strength in the Quebec and British Columbia housing markets more than offsetting fewer multis in Ontario and Alberta. For next year increases in British Columbia and Atlantic Canada will be insufficient to counter declining multi-family starts forecast for the rest of Canada.

2004 MLS® sales highest on record

The hot resale market will set an all time high number of transactions for a third consecutive year at 462,600 units in 2004. MLS® sales will rise across the nation this year with the exception of Nova Scotia where sales are forecast to ease for a second consecutive year. Resale activity will dip 3.6 per cent next year with the largest declines to be seen in Alberta and British Columbia, while Manitoba, Saskatchewan and New Brunswick will inch higher.

Price appreciation to ease in the coming year

As resales back off their record setting clip and listings increase, price pressures on the resale market will be lessened. Resale markets have been tipped in favour of the seller in many markets across Canada resulting in 10.4 per cent and 9.7 per cent price growth in 2002 and 2003, respectively. With listings on the rise and moderating sales, the existing home market will move closer to a balanced position next year causing price gains to decelerate. Look for the average MLS® price to climb 5.3 per cent following 2004's 9.2 per cent.

Spotlight: Rising row and apartment inventories in the new home market

While most new single detached homes are only started after a sale, market intelligence through CMHC's network of market analysts across the nation suggests there is a greater proportion of row and apartment units currently under construction that are not pre-sold. With an increasing inventory of units, defined as units under construction or completed but unoccupied, some developers have delayed the commencement of new multi-family projects.

The combination of easing housing demand and growing new home inventories is expected to push multi-family housing starts down by 7.2 per cent in 2005. This overall trend will not be distributed evenly across Canada. Multi-family construction will witness double digit declines in PEI, Quebec, Saskatchewan and Manitoba, while New Brunswick, Nova Scotia, Newfoundland and B.C. will buck the trend recording increases next year.

Rising new home inventories

Source: CMHC SCSS and MAS

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Trends Impacting Housing

The Economy

Canada's economic expansion strengthened as real gross domestic product (GDP) growth accelerated to an annual rate of 4.3 per cent in the second quarter of this year. Slowing increases in consumer spending kept a lid on the economy as final domestic demand increased by about one-third of the rate of the general economy. A key driver behind Canada's economic strength in the second quarter came from a sharp increase in the United States' appetite for Canadian goods. Exports of industrial goods and materials, automotive products, and machinery and equipment were particularly strong.

Non-farm business inventories continued the slide seen in the first three months of this year, chipping away at the accumulation in inventories witnessed at the end of 2003. The accumulation of farm business inventories, however, countered most of the non-farm reduction. With 1.8 per cent growth already recorded in the first half of this year, Canada's economy is set to push ahead by 3 per cent in 2004 and 3.4 per cent in 2005.

For the second half of 2004, expect to see a rebound in consumer spending and final domestic demand. Respectable growth in employment and wages combined with a solid increase in disposable income and strong consumer confidence will keep the consumer out in force. Even with the recent run-up in oil prices, the general rate of inflation remains well within the Bank of Canada's targeted range.

Mortgage Rates

Mortgage rates will remain low by historical standards. One, three and five-year posted closed mortgage rates are expected to remain relatively flat to slightly higher for the remainder of this year, having already followed the move up in bond yields this spring. Next year these rates will begin to increase by 50-100 basis points and are expected to be in the 4.75-6.00, 5.75-6.75, and 6.25-7.50 per cent range, respectively.

Migration

Immigration estimates for the first eight months of the year indicate a 14 per cent increase compared to the same period in 2003. While last year saw just over 221,000 newcomers to Canada, immigration levels this year are tracking closer to the high end of the government's targeted range (220,000 to 245,000).

The Toronto Census Metropolitan Area continues to be the destination of choice, attracting over 42 per cent of immigrants so far this year. Another 11 per cent settle in other parts of Ontario. Quebec has received 19 per cent and British Columbia garnered 16 per cent of immigrants so far this year. Since many new immigrants tend to initially reside in rental accommodations, increased immigration flows will boost rental demand in some centres.

Employment and Income

Job creation in Canada sprang to life in the second quarter when over 130,000 (seasonally adjusted) jobs were added to the ranks. With a lacklustre showing in July and August, third quarter employment growth slowed to 44,900 jobs. However, given this spring's employment surge, actual employment this August was 1.8 per cent higher than in August of 2003. Closer inspection of the data reveals that full time job growth has been solid while the part time numbers have been stagnant. The employment picture has been bright in sectors related to housing. The construction and FIRE (finance, insurance, real estate and leasing) sectors have each added over 66 thousand jobs (on a seasonally adjusted basis). Only the health care and social assistance sector added more jobs.

The seasonally adjusted employment-to-population ratio appears to have plateaued near record heights and has been bouncing around the 62.5 per cent mark all year. As the nation nears a level of full employment, future job growth will result from expansion of the population rather than increased participation in the labour market. Thus, employment is forecast to expand by 1.8 per cent this year and 1.9 percent in 2005.

The second quarter recorded a 4.2 per cent increase in year-over-year wages, salaries and supplementary income. This indicates that workers' earnings are outpacing inflation. Higher average earnings combined with more employment will add fuel to the hot Canadian economy and buoy housing demand.

Consumer Confidence

Consumer confidence has rebounded this summer since taking a bit of a dip this spring. The index of consumer attitudes remained high in August with over 60 per cent of respondents indicating that the time is right for a big-ticket purchase such as a car or house. This bodes well for the near-term health of the housing market.

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Trends at a Glance

Key factors and their effects on residential construction

Factor	Comment
Mortgage rates	Mortgages rates remain very low in historical terms and continue to stoke the housing market. While rising mortgage rates throughout 2005 will ease housing markets off their current record setting pace, activity will remain brisk.
Employment	Healthy job creation continues to add to housing demand. Look for solid employment growth and a falling unemployment rate continuing into next year.
Incomes	Strong disposable income growth will keep consumers out in force. The rising carrying costs of homes will continue to be offset by increasing income of households.
Net migration	Immigration levels are on track to come in at the higher end of the Government of Canada's target range. Increases in population due to rising net migration will continue to support the housing market.
Natural population increase	The natural rate of population growth (births minus deaths) only makes a small contribution to net household formation. Given the age distribution of Canada's population, the impact from natural population increase will continue to ease.
Consumer confidence	Consumers' appetite for large ticket items remains high. Rising employment and disposable income levels will add to consumer confidence and support housing demand.
Resale market	As resales throttle-back from their record setting pace and listings continue to climb, more housing markets across Canada will move into a balanced state.
Vacancy rates	The trend toward home ownership has pushed vacancy rates higher in recent years. As the vacancy rate climbs, rental housing construction will be adversely impacted.

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Construction cost pressures mounting

After increasing at rates comparable to or less than the rate of inflation for several years, construction costs have jumped in 2004. What is causing these increases and what will be the impact in the housing market?

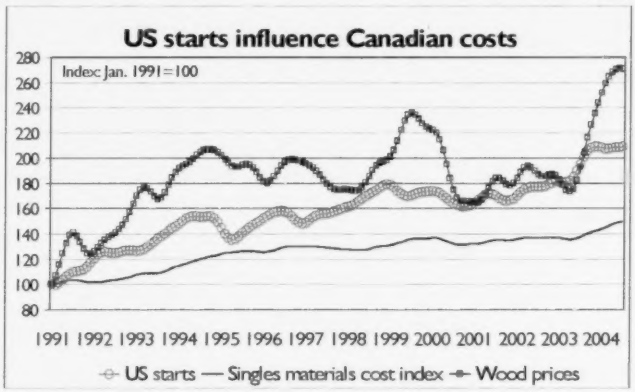
Construction costs rise

Construction costs for single-detached housing and apartments were up 10.1 per cent and 6.0 per cent, respectively on a year-over-year basis in the second quarter of 2004 compared to a 2.2 per cent increase in inflation in the same period. For single homes, these costs are measured by an index of the prices of 39 building materials while for apartments, the index is based on contractor's bids on an extensive range of subcontracts. These bids would reflect prevailing wage rates, material prices, equipment depreciation and profit margins.

Source: Statistics Canada: Apartment Building Construction Price Index (ABCPI) and custom tabulation for singles building material index

The singles index indicates costs began rising toward the end of 2003, and that previous periods of rising costs for singles occurred around 1999 and 1994. In all cases, increases in the index were related mainly to rising prices for wood products, particularly studs, plywood and particleboard. Wood prices are the most volatile components of the building materials index and changes in these prices tend to be correlated with the pace of housing construction in the United States. US housing starts peaked in December 2003, but have remained at a relatively high level in 2004, keeping demand for wood products high.

Regulators in BC have raised the allowable cut as a means to combat an infestation by the mountain pine beetle and to salvage timber attacked by the pest. While this decision could raise supply and ease price pressures, the potential easing will be limited by the fact that the industry is already operating near capacity.



Source: CMHC, adapted from Statistics Canada, IPPI and custom tabulations, and Conference Board of Canada, e-Data

The Apartment Building Construction Price Index (ABCPI) is produced for seven large Canadian cities, making it possible to compare changes in costs in different regions. Occasionally, construction costs in one centre can diverge from those in other centres. This was the case in Toronto in 2000 and Halifax in 1998. When this happens, it seems reasonable to conclude that the costs in that centre are being influenced most strongly by site-specific factors. Local wage trends, and unanticipated changes in demand which strain/idle builders' capacity are examples of such factors.

When apartment building costs are growing at similar rates in different cities, it is a sign that costs are being driven by factors, such as material costs, that do not vary significantly from centre to centre. An example of this is the recent rise in steel prices which have contributed to higher construction costs across Canada.

Source: CMHC, adapted from Statistics Canada, ABCPI

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Source: CMHC, adapted from ABCPI, IPPI

In most localities, the price of housing has been rising faster than costs in 2004. Prices for new single-detached houses were rising at a rate of about 7 per cent at the end of the second quarter of 2004, while costs were up about 6.5 per cent due mainly to rising materials prices.

In Vancouver, apartment construction costs were up 9.0 per cent in the second quarter compared to a year earlier, but this increase paled in comparison to the 24 per cent increase in prices over the same period. In Halifax, condo apartment prices (up 1.5 per cent) lagged costs (up 5.4 per cent) in the second quarter, but jumped 20.4 per cent in the third. In Toronto, the situation was reversed with prices increases (2 per cent) less than cost increases (5.7 per cent). When costs cannot be fully passed on, some slowing in construction activity can be expected.

Although steel and wood prices are having the strongest impact on costs currently, prices for other materials play a role as well. The price of dry wall increased a relatively modest 3.8 per cent between the second quarter of 2004 and the same period a year earlier, but since this material is used extensively in both house and apartment construction, this increase has a noticeable effect on costs.

Selected Building Material Prices
(% change, Q2 2004 vs. Q2 2003)

Bricks	3.8
Drywall	3.8
Lumber	35.3
Particle Board	71.4
Nails	22.7
Foam Insulation	-1.9
Ready Mix Concrete	2.9
Steel reinforcing bars	49.8
Steel, structural shapes	40.9

Source: CMHC, adapted from Statistics Canada, IPPI

Looking to the future, it is expected that housing demand will slow in both Canada and the United States. For builders there will be a mixed impact. They can expect to see some price relief on wood products. Many analysts expect the run-up in steel prices to moderate, although this market is expected to remain subject to periodic shortages. However, rising oil prices mean the prices of some building materials like foam insulation and concrete, which currently are declining or rising modestly, will begin to rise at faster rates. The most significant change for builders will be that it will become more difficult to pass on cost increases across the board. As a result, construction activity can be expected to slow due to rising cost pressures as well as slowing demand.

Apartment Building Construction Price Index
(% change)

	Halifax	Montreal	Ottawa-Gatineau	Toronto	Calgary	Edmonton	Vancouver
1989	3.6	4.3	6.7	5.8	6.1	11.4	8.1
1990	2.7	2.8	4.2	2.7	4.3	4.2	3.7
1991	-2.3	-3.1	-0.2	-3.9	-0.2	-0.3	-2.8
1992	0.0	-0.7	0.2	-0.5	1.0	1.1	1.7
1993	0.7	-0.7	1.2	0.7	0.8	0.5	2.3
1994	2.0	1.5	2.1	2.6	2.1	2.1	2.4
1995	2.4	2.7	2.0	3.0	3.0	2.9	3.1
1996	1.1	1.1	1.2	1.6	0.8	1.0	1.3
1997	-1.5	2.7	1.7	1.8	1.9	2.0	1.9
1998	0.6	1.8	1.5	1.8	3.0	2.5	1.9
1999	2.6	2.2	2.3	2.8	2.6	2.3	1.1
2000	2.8	4.8	6.5	7.4	4.4	4.0	2.1
2001	1.3	2.1	3.8	4.0	3.4	3.1	1.6
2002	2.6	2.8	2.3	2.8	2.7	2.6	1.5
2003	2.5	2.6	4.0	3.8	3.1	2.6	1.3
2004	3.9	3.4	4.2	4.1	3.1	3.1	6.6

Source: CMHC, adapted from Statistics Canada, CANSIM II

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British Columbia

Overview

Growth in New Home Construction to Slow in 2005

The upswing in the province's housing sector will continue through 2005 but at a slower pace than during the past four years. Solid gains in employment, increased interprovincial migration and high levels of consumer confidence will drive housing demand. However, rising mortgage interest rates will dampen growth in new and existing home markets.

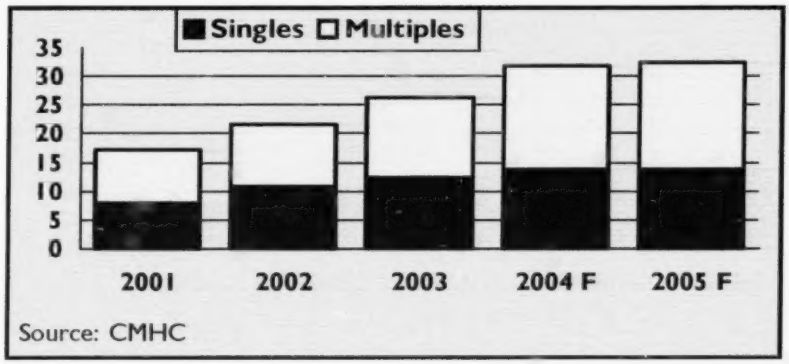
The provincial economy is on track to expand 3.0 per cent in 2004 thanks to growth in consumer spending and new home construction. Next year, a broad-based economic expansion will result in provincial GDP growth of 3.3 per cent. British Columbia will benefit from improved business investment prospects, continued residential investment and increased global demand for the province's exports.

British Columbia led Canada in employment growth during the first eight months of 2004 compared to the same period a year earlier. Job gains were entirely in full-time employment and across most sectors. In 2005, the province will add a further 41,000 jobs in both the goods- and service-producing sectors.

Interprovincial migration, a key driver of housing demand, turned positive in 2003 and is projected to increase over the forecast period. British Columbia's improved labour market conditions, including a lower unemployment rate than in previous years, will help draw people to the province. The province's moderate climate will also attract people looking for lifestyle and retirement destinations.

Housing starts will reach 31,700 units in 2004, a 21.1 per cent increase from last year. In 2005, 32,400 starts are projected. Multiple-unit starts will account for an increasing share of new residential construction, as the housing expansion continues and the industry responds to demand for a less expensive new home product in the face of rising mortgage rates.

B.C. Starts (000's)



Source: CMHC

In Detail

Single Starts: Single-family housing starts will post their third consecutive annual increase in 2004, reaching 13,700 units, the highest level in ten years. A lack of supply in the resale market will continue to encourage potential homebuyers to look at new residences. Demand for single-detached homes will translate into 13,800 starts in 2005.

Multiple Starts: Momentum in multiple home starts this year will carry over into 2005. Growth in multi-unit projects comes in response to demand for less expensive homes from first-time buyers, as well as demand from investors. Although there are an increasing number of units under construction, the inventory of new homes remains low by historic standards, discounting fears of oversupply. In 2004, a ten-year high of 18,000 multiple-unit starts are projected. This will increase to 18,600 units in 2005. Much of the new construction will be condominium units, although the number of new row houses is also expected to increase.

Resales: Higher levels of interprovincial migration and continuing low mortgage rates will combine to produce a new record high for resale activity in 2004. A total of 98,000 existing homes are expected to change hands this year and another 93,000 next year.

Prices: Increased supply of both new and existing homes will temper price pressures next year. However, 2005 will mark the fourth consecutive year of above-inflation price gains in the resale market. Average prices will increase by 11.4 per cent to $289,500 in 2004 and a further 6.4 per cent to $308,000 in 2005. British Columbia will continue to have the highest average resale price in Canada.

Provincial Highlight

British Columbia boasts one of the hottest resale markets in Canada, accounting for almost one-quarter of national MLS® resale activity in 2004. Low interest rates unleashed a wave of pent-up demand for housing, at the same time that investors turned to real estate in search of higher returns, driving existing home sales higher. Most existing home markets within the province are currently in sellers' market territory, with a province-wide sales-to-new listings ratio of 0.66 (a sales-to new listings ratio above 0.55 is considered a sellers' market). Higher prices have begun to draw more listings onto the market, especially in those markets where supply has been tight (Vancouver, Kelowna and Victoria). At the same time, MLS® sales have begun to trend down. The combination of increased listings and fewer sales will bring resale markets towards balance in 2005 and slow the pace of increases in resale prices. In 2005, the level of existing home sales will remain high and potential homebuyers will continue to look to the new home market for expanded housing choices.

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Alberta

Overview

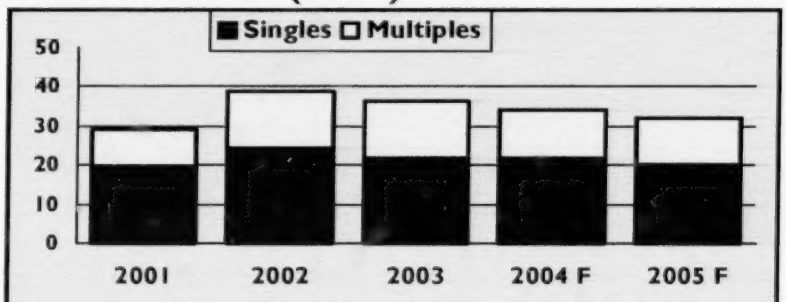
Housing Starts Stay Above 30,000 Units

After trailing the national average over the past two years, economic growth in Alberta is poised to lead the nation this year and next. Economic output will expand by 4.5 per cent in 2004 and 3.8 per cent in 2005.

The primary factor behind the strong performance will be the continued high levels of investment in the oil and gas sector. With oil prices forecasted to remain above $35 U.S. per barrel and natural gas prices well above the break-even point for the industry, drilling activity over the forecast period will match or exceed the performance of the past five years. Capital spending will also benefit from the continued investment in the oil sands sector. According to the Canadian Association of Petroleum Producers, about $25 billion will be spent on the expansion of existing oil sands projects and development of new ones in the Northeast part of the province over the next few years.

Another positive is the fiscal position of the provincial government. With the abolition of its debt, the government is seeking the public's input on how to spend the fiscal dividend in the future.

Alberta Starts (000's)



Source: CMHC

While the public consultation is still at a preliminary stage, the allocation of the projected budget surpluses toward greater government expenditures or a reduction in taxes, will stimulate economic growth. Economic activity should receive a further lift through higher exports as both the U.S. and other world economies gain momentum.

Economic growth will translate into job creation and continued arrival of migrants seeking employment opportunities. While a healthy job market and rising population are positives for housing demand, housing starts in 2005 will not match the levels of the past three years. Rising mortgage rates will dampen the movement from rental to home ownership. Moreover, concerns over rising new home inventories and increased competition from the resale market, will cause builders to scale back activity. As a result, total starts are forecast to decline from 34,000 units in 2004 to 32,000 units in 2005. In spite of the decline, 2005 will represent the fourth consecutive year that new home construction will exceed 30,000 units.

In Detail

Single Starts: In 2004, growth in activity outside of Edmonton and Calgary will enable single-family starts to exceed 21,000 units for the third consecutive year at 21,900 units. Moving forward, single-family construction is forecast to slow in Edmonton and Calgary as a greater portion of the demand shifts towards lower priced multi-family units. In spite of the decline, at 20,000 units, the performance in 2005 will be the ninth best on record since 1955.

Multiple Starts: Multi-family starts are anticipated to decline by 15.1 per cent in 2004 to 12,100 units. Gains in major Census Agglomerations have been off-set by a contraction in activity in Edmonton as builders attempt to avoid the creation of excess supply in the market. In 2005, look for multi-family starts to remain stable at 12,000 units as builders maintain their vigilance against the creation of an over-supplied market.

Resales: Total sales will hit a new record of 57,000 units in 2004 due to the combination of a strong job market, low mortgage rates and an additional selection of listings. Sales will pull back slightly in 2005 to 54,000 units as higher mortgage rates and rising prices increase the cost of home ownership. Despite the decline, continued employment and household growth will enable total MLS sales to climb above the 50,000 mark for the fourth straight year.

Prices: With four of the seven major resale markets in the province categorized as sellers' markets over much of the year, the average provincial MLS price in 2004 is forecast to rise by 6.6 per cent to $195,000, significantly higher than the overall rate of inflation of 1.4 per cent. Price gains will moderate slightly in 2005 as higher mortgage rates cause a slight pull back in demand and move resale markets in the province towards balanced conditions. In 2005, the average MLS price in the province will rise by 5.6 per cent to $206,000.

Provincial Highlight

The performance of Alberta's housing market over the past few years can be characterized as exceptional. The resale market hit new records in each of 2001, 2002, 2003 and 2004. Meanwhile, the new home market has enjoyed its best performance since the late 1970s and early 1980s.

At first glance, it would appear that the strong pace of activity can be attributed to Calgary and Edmonton. However, a closer examination reveals that the five largest Census Agglomerations (CAs) of Wood Buffalo, Grande Prairie, Red Deer, Lethbridge and Medicine Hat also deserve a large share of the credit. Over the past five years, these CAs have accounted for about 17 per cent of the province's MLS sales and 13 per cent of the housing starts. Over the same period, these CAs on an aggregate basis have outpaced the activity of several CMAs in the country with the production of about 8,000 MLS sales and about 4,000 housing starts annually.

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Saskatchewan

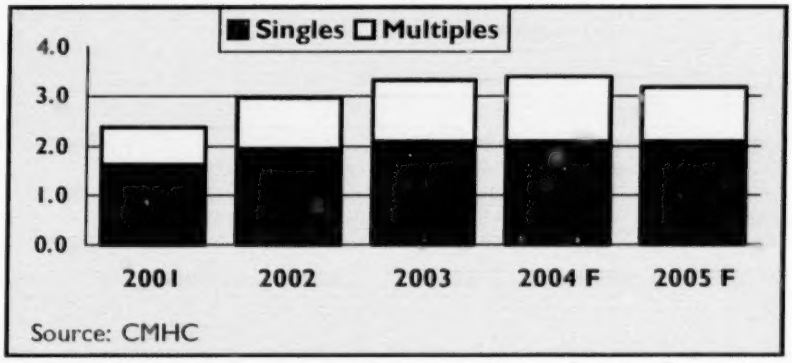
Overview

Positive Economic Climate Drives Housing Starts

At 4.5 per cent, Saskatchewan had the second highest rate of economic growth among the provinces in 2003. The resurgence was the result of a rebound in the agriculture, manufacturing, mining, and oil and gas sectors. In 2004, economic output will expand by three per cent, with the goods sector once again being a positive contributor to the economy. Higher farm cash receipts and a positive estimate of production of field crops from Statistics Canada show that the agriculture sector is on a firm footing. Oil, gas, potash and uranium production is also up from the previous year. Through the first six months of the year, manufacturing shipments have jumped 18 per cent compared to the same period in 2003.

In 2005, economic output will grow by 2.9 per cent. Barring catastrophic weather conditions, crop yields should show positive results. High oil and natural gas prices will keep drilling activity at robust levels. Saskatchewan is the second largest producer of oil and the third largest producer of natural gas in Canada. Exports in the mining and manufacturing sectors will also benefit from continued growth of the world economy.

Saskatchewan Starts (000's)



Source: CMHC

Economic growth will improve business confidence and encourage employers to hire additional workers. With job growth outpacing gains in the labour force, the unemployment rate will dip to five per cent in 2005. A strong job market means that less people will leave the province. Regina and Saskatoon in particular will benefit from lower out-flows to other provinces and increased inflows from other parts of Saskatchewan.

A healthy economy means that total housing starts will remain above the 1999-2003 average of 2,850 units. Total starts will reach 3,400 units in 2004 before dipping slightly to 3,200 units in 2005. Despite the dip, 2005 will represent the third year in a row that starts have exceeded 3,000 units.

In Detail

Single Starts: At 2,100 units, single-family housing starts will maintain a steady tempo in 2005. The impact of rising mortgage rates will be cushioned by employment and household growth. Limited choice of resale housing and rising prices will also encourage first-time and move-up buyers to consider a new home purchase.

Multiple Starts: In 2004, a jump in multi-family construction in Regina will help push province-wide starts to 1,300 units, the best performance since 1983. In 2005, multi-family starts in Saskatchewan will fall by 15 per cent to 1,100 units as builders in Regina curtail production and wait for the new supply to be absorbed. At 700 units next year, multi-family starts in Saskatoon will match 2004 levels. In spite of the decline at the provincial level, over 1,000 units will be built for the fourth consecutive year. Activity will be generated through demand for modestly priced rows from first-time home buyers and continued demand for upscale apartment condominiums from seniors and empty-nesters.

Resales: In 2004, the province has been experiencing a robust, but balanced, existing home market. New listings benefited from many seniors trading their homes for condominiums and assisted living units. In 2004, sales will hit a five-year high of 8,000 units and climb a further six per cent in 2005 to 8,500 units.

Prices: After a rise of 4.8 per cent this year, the average MLS price will jump 4.5 per cent to $115,000 in 2005. Price gains are the result of a higher proportion of more expensive homes being sold and the bidding up in price of scarce, good quality resale listings.

Provincial Highlight

Census data on the age of Saskatchewan's population can provide insight into housing demand. The Census reveals that Saskatchewan has one of the youngest populations in Canada. The median age in Saskatchewan is 36.7 (the median is the point where exactly one-half of the population is older, and the other younger), lower than the national average of 37.6. Moreover, in 2001, young people aged 19 and under accounted for 29 per cent of the population, the highest share among the provinces, while seniors aged 65 and over made up 15 per cent, again the highest among all the provinces. Accordingly, in the next five years, and if income allows, we would expect to see a large a proportion of the province's youth seeking to form new households and a similarly large portion (the elderly) considering the possibility of a lifestyle change.

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Manitoba

Overview

Migration Turns the Corner

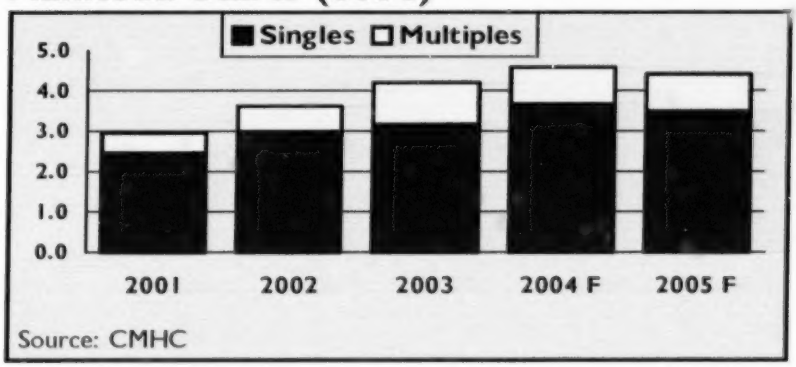
Key economic indicators to date suggest that economic growth in Manitoba in 2004 will record its best performance in four years. Higher levels of consumer spending, capital investment and exports are fuelling the resurgence in output.

With the continued expansion of the U.S. economy, Manitoba's exports will rise in 2005 thereby maintaining the momentum of provincial economic growth. The growing economy will keep the unemployment rate low. Consequently, employers will be forced to bid up wages in order to retain and attract skilled employees. With average weekly earnings continuing to rise faster than the rate of inflation, consumer confidence and spending will strengthen and contribute to economic growth.

The low unemployment rate and rising wages will act as an inducement for immigrants to choose Manitoba as their place of destination upon entering Canada. Thanks to increased levels of immigration, it appears that overall net migration in Manitoba has turned the corner. In 2003, a gain of 5,529 persons from international migration more than offset a loss of 3,044 people through inter-provincial migration. With an anticipated annual net gain of between 6,000 to 8,000 persons in 2004 and 2005 through international migration, overall net migration will remain positive and supplement population and household growth. The housing market in Winnipeg in particular will benefit from rising levels of immigration as the majority of the new arrivals are expected to settle in that centre.

The creation of new households will keep activity in the residential construction sector well above the average of the past five years. Total starts are forecast to reach 4,600 units in 2004 before dipping slightly to 4,400 units in 2005.

Manitoba Starts (000's)



Source: CMHC

In Detail

Single Starts: Single-family starts will increase by 15 per cent in 2004 to reach 3,650 units. In 2005, a number of factors will contribute to a modest slow down in activity. Higher mortgage rates, rising construction costs, and rising lot prices fuelled by a scarcity of serviced land in Winnipeg will begin to price some buyers out of the new home market. An increase in new listings will also help to make the resale market a viable alternative. The number of new single-family starts in 2005 is expected to slow by four per cent to 3,500 units.

Multiple Starts: Multiple-family starts continue to be driven by demand for both rental and condominium tenure. After a flurry of activity in 2003, multi-starts in 2004 will slow by 9 per cent to 950 units, which is still well above the five year average of 650 units. Multiple starts will remain above-average in 2005 at 900 units.

Resales: Gains in MLS sales over the last few years have been restricted by a lack of supply in the Winnipeg market. Recently, new listings have started to bounce back. However, almost every home listed sells within days and the number of active listings remains low. Nonetheless, the increase in new listings has allowed sales to register gains over last year which, along with healthy markets in other parts of the province, will help provincial MLS sales climb to 12,500 units in 2004 and 13,400 units in 2005.

Prices: The prevailing sellers' market conditions and more sales in the upper price ranges will lead to another year of double digit price increases in 2004 as the average MLS price will reach $119,000. Going into 2005, an increase in new listings will help to dampen price growth and rising mortgage rates will curb demand in the upper price ranges. Nevertheless, given the strong demand, sellers' market conditions are expected to continue and the average price will grow another eight per cent in 2005 to $128,000.

Provincial Highlight

Over the last few years the Province of Manitoba has seen substantial growth in international immigration and this has resulted in an increase in net-migration. This is due in large part to a focused immigration strategy, the cornerstone of which is the Provincial Nominee Program (PNP). Under an agreement with Citizenship and Immigration Canada, the PNP works closely with employers to determine demand for workers and then seeks qualified immigrants who are best suited to contribute to the local economy.

In addition to encouraging immigration, the province has also boosted settlement services such as language training and is working with business, labour and multi-cultural organizations to ensure that newcomers settle here for the long term. As a result of these strategies new arrivals to the province were up 40 per cent in 2003 with a similar increase already recorded in the first quarter of this year.

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Ontario

Overview

Hot Markets Set Records

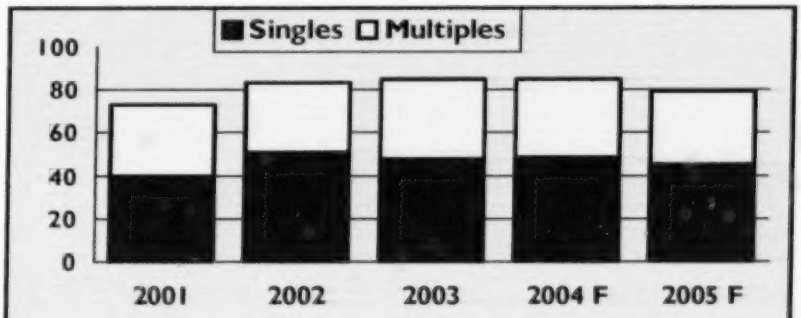
Ontario has moved into its third year of a sustained strong home construction plateau, with the quarterly Seasonally Adjusted Annualized Rate (SAAR) of home starts zigzagging near a record. Third quarter home starts edged down slightly from an exceptionally strong showing in the second quarter. Condominium apartment construction made noticeable gains. Annual home starts in 2004 will reach 85,200 units, slightly surpassing last year's level and setting a 15 year record. Next year, home starts will remain high, but will be nudged down to 79,000 units by moderately increasing mortgage rates.

Key drivers of Ontario's housing demand include low mortgage rates, moderately strong in-migration levels, respectable job growth, and prospects of wealth accumulation through rising home prices.

Growing immigration is the main factor behind the province's population growth. Ontario receives half of Canada's new arrivals. While interprovincial migration outflows to other parts of Canada have grown, they are dwarfed by the magnitude of persons immigrating from abroad. Latest available July 1, 2002 to June 30, 2003 Census Metropolitan Area migration data show that Oshawa, followed by Toronto, had Canada's highest net per capita migration.

Economic indicators for the province are mixed. Its manufacturing sector, which depends on a healthy United States economy for its exports, is reasonably optimistic. The US Composite Leading Indicator points to good United States growth ahead. Ontario's consumer confidence is strong and retail sales are high. Employment is predicted to grow just under two per cent this year and two per cent next year. However, automobile sales have waned and suggest some saturation occurred in consumer's appetites for large ticket items.

Ontario Starts (000's)



Source: CMHC

In Detail

Single Starts: Slightly higher detached home construction will push total home starts negligibly above last year's to a 15 year record in 2004. The rapidly growing mid 40s population is an affluent age group and prefers low density homes. Rising home prices and mortgage rates will increase mortgage carrying costs next year and nudge single detached starts down. Single starts will reach 48,700 units in 2004 and 45,000 units in 2005.

Multiple Starts: Multiple-family home starts will edge down from a peak level reached in 2003. Multiple starts will come in at 36,500 units in 2004 and 34,000 units in 2005. Condominium construction, which is an attractive option for first-time home buyers moving out of rental, will buck that trend by jumping this year before edging back in 2005.

Resales: Strong home buyer demand will lead to 197,000 sales through the Multiple Listings Services (MLS) in 2004, an all-time record. Expectations are that MLS sales will pull back modestly to 190,000 units in 2005 as home prices grow and mortgage carrying costs inch up.

Prices: Resale home markets will remain extremely active. Ontario's average resale price is high and will grow at three times the general rate of inflation this year and modestly slower next year. Sales to new listings ratios are a leading indicator of home prices and are currently at levels suggesting above inflation home price growth in almost all the province's Real Estate Boards. The average MLS home price is expected to reach $246,000 in 2004 and $259,000 in 2005.

Provincial Highlight

Spotlight on Ontario's Demographic Demand

Potential Housing Demand* (PHD) scenarios are estimates of demographically driven demand calculated by starting with birth, death and migration scenarios to project the age structure of Ontario's population. These in turn are used to assess the implied household formation numbers.

A representative Ontario PHD run to the end of this decade with a sustained 100,000 net migration scenario (estimated for the purpose of this highlight) suggests such an inflow would lead to the formation of an average of just over 73,000 households per year.

Unusually low interest rates are helping keep current housing demand well above the demographic potential. An excessively hot or cool economy can also move housing demand away from its demographic potential.

***Note: This Ontario short-term PHD projection has been developed solely for the purposes of *CMHC's Housing Outlook, National Edition*. Long-term national and provincial housing demand projections are anticipated to be released in 2005.**

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Quebec

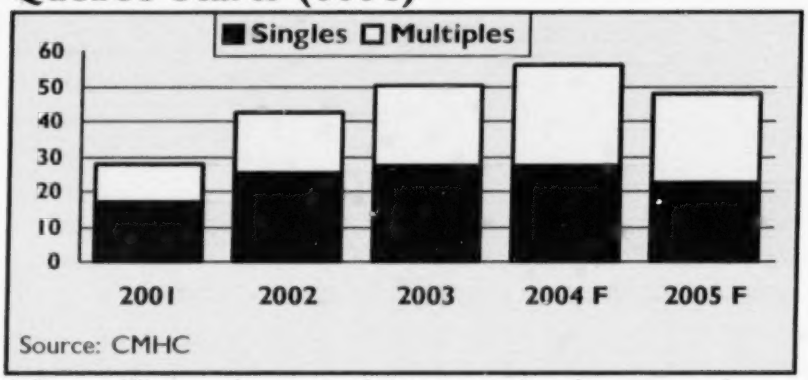
Overview

Activity Stays High Despite Decrease

After benefiting from favourable demographic, and economic conditions in recent years, activity in Quebec's new and existing housing markets are expected to decrease in 2005. Nonetheless, residential construction will remain relatively high as approximately 48,000 housing starts are registered in 2005.

While the recent sluggish employment growth and the slight rise in mortgage rates next year will lead to lessened housing demand next year, a variety of developments should continue to sustain Quebec's economy in 2005. Consumer spending will continue to benefit from relatively high levels of employment and still favourable borrowing conditions. A strong Canadian dollar will encourage private sector investment in the province - however the provincial government's spending will be limited to a few key areas (e.g. health care). The U.S. recovery along with a stabilized Canadian dollar are lifting up the province's international trade sector as demand for Quebec exports is now on the rise again and should continue to be so into 2005.

Quebec Starts (000's)



Source: CMHC

These changes in the economic landscape should translate into GDP growth of just over three per cent in 2005. Stronger international trade and investment prospects will encourage employment growth - especially in the goods producting sectors, however, productivity issues will provide some offset, limiting employment growth to about two per cent in 2005. The unemployment rate will move down to around 8 per cent. Housing starts will be strong at 56,000 units in 2004. In 2005, in spite of continued high levels of net migration, loosening resale and rental housing markets will cause residential construction in Quebec to fall to 48,000 units.

In Detail

Single Starts: Slower, but reasonable employment growth, rising mortgage rates, and loosening resale markets will take pressure off of demand and result in decreased levels of single-detached home construction in the coming year. Demand for single-detached housing will decrease from 28,500 units in 2004 to 25,500 units in 2005.

Multiple Starts: After two years of very strong growth, multiple housing construction in Quebec will decline in 2005. Construction levels should, however, remain relatively high in the short term as demand for condominiums, seniors residences, and conventional rental housing continues to be strong. We expect multi-family starts to come in at 27,500 units in 2004 and 22,500 units in 2005.

Resales: While increasing inventories combined with low mortgage rates and strong demand will cause a marginal increase in sales this year (to 70,180 units in 2004), the slight rise in borrowing costs over the course of next year will cause existing home sales to edge lower to 67,370 units in 2005.

Prices: With listings on the rise and demand slowing, price growth in the resale home market will moderate in 2005. However, as conditions continue to favour sellers, prices shall continue upward. The average price is expected to reach $167,250 in 2004 and $178,000 in 2005.

Provincial Highlight

The results from CMHC's latest retirement home market survey, conducted in the fall of 2003, reveal that rental units in this market segment continued to post a very strong performance. In the Montreal census metropolitan area (CMA), apartment retirement homes had a vacancy rate of just 1.1 per cent, compared to 1.3 per cent in 2002. As well, the situation remained practically unchanged in the room-and-board market segment, with a vacancy rate of 3.2 per cent, in relation to 3.1 per cent the year before.

Meanwhile, the private retirement home market also remained tight in the Quebec CMA. In fact, in October 2003, the overall vacancy rate stood at just 1.9 per cent, which represents 164 vacant units out of a total stock of 8,586 dwellings (apartments and room-and-board units). This rate was down slightly from the proportion of 2.1 per cent recorded in 2002. The situation in the Montreal and Quebec areas is not unique, though, as the market is tight in almost all the other CMAs across the province.

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New Brunswick

Overview

Employment Growth On the Rise

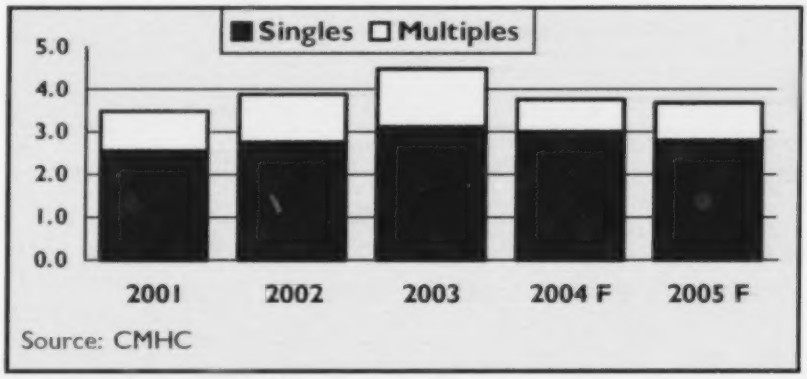
Despite the strong value of the Canadian dollar, exports exceeded the 2003 levels by nearly 10 per cent in the first half of 2004. Manufacturers also enjoyed a near 7 per cent rise in shipments over the same period, mainly due to strong foreign demand for wood and paper products. Solid economic growth in China, an economic recovery in the US, and the reconstruction of Iraq and many regions of Florida are all key factors that will fuel NB's exports and manufacturing shipments in 2005.

Capital investment will also remain strong. The construction of a $750 million LNG terminal and the Trans-Canada Pipeline co-generation plant in Saint John, and the twinning of the Trans-Canada Highway are all key projects that will continue to fuel economic growth over the next few years.

Employment will improve slightly from a weak performance in 2003. Both goods and services' sectors will generate new jobs, with the manufacturing, education and health care sectors performing particularly well over the forecast period. Expect employment to grow by 1.7 and 1.5 per cent in 2004 and 2005 respectively, while the overall economy will expand at a faster pace of 2.5 and 2.8 per cent over the same period.

Expect residential construction to cool off this year and next. Rising building material and land costs, wages and mortgage rates will cause a decline in total housing starts. Total housing starts are forecast to drop to 3,750 and 3,700 units in 2004 and 2005, respectively.

New Brunswick Starts (000's)



Source: CMHC

In Detail

Single Starts: Weakening demand for new single-detached homes in rural areas combined with rising mortgage rates, construction costs and lot prices in urban centres will cause a slowdown in single starts over the forecast period. Expect single starts to drop to 3,000 and 2,800 units in 2004 and 2005, respectively.

Multiple Starts: 2003 marked the best year for multiple starts in New Brunswick since 1976. The majority of projects started in 2003 came on to the market in 2004 and temporarily oversupplied the market. Consequently, multiple starts will decrease to 750 units in 2004 before bouncing back to 900 units next year, as many projects initially planned for 2004 have been postponed to 2005.

Resales: An increasing supply of existing homes available for sale in most larger urban centres and a broadening gap between resale and new home prices will cause many households to opt for the resale market. Consequently, expect MLS® sales to reach a record level of 6,100 units in 2004 and 6,300 units in 2005.

Prices: Rising mortgage rates may force some potential buyers to shift to less expensive homes. However, higher mortgage rates will also cause fewer first-time buyers to purchase a house. Due to the fewer lower priced homes to be sold to first-time buyers, expect the average MLS® price to continue to rise, reaching $112,250 in 2004 and $116,000 in 2005.

Provincial Highlight

Residential construction in 2005 is expected to decline in most regions of New Brunswick. However, Greater Moncton will be an exception. So far this year, the provincial labour market has performed well, mainly due to strong employment growth in the southeast region. These attractive labour market conditions will continue to stimulate in-migration and housing demand over the forecast period. Furthermore, the construction of the new Gunningsville Bridge and related projects in Riverview and Downtown Moncton, the new French school in Moncton, many new retail stores, the expansion of industrial parks and the new downtown and golf course projects in Dieppe are all key projects that will also continue to fuel consumer confidence and economic growth.

As a result, expect single starts to continue to do well in 2005 and multiple starts to bounce back after very few new multi-unit projects in 2004.

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Nova Scotia

Overview

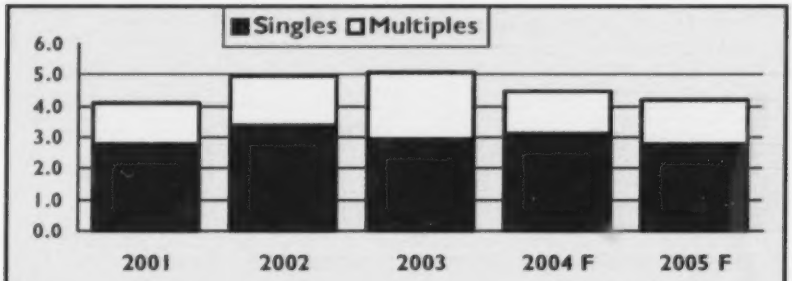
Finding A New Equilibrium

As the ideal conditions of record low mortgage rates, strong employment growth and rapid appreciation of the home as an asset gradually subside in Nova Scotia, the related surge in home ownership demand is expected to recede as well. Nevertheless, the recent period of exceptional growth and diversification in the provincial housing market has been transformational and its legacy will be determined over the next 12 to 18 months as the market gradually finds a new equilibrium.

With interest rates edging higher, the retail trade and residential construction sectors are expected to weaken over the next 18 months after a prolonged period of impressive strength. Fortunately, non-residential construction has rebounded sharply from a lacklustre performance over the past two years and this is expected to continue through 2005. This rebound will be driven by the Halifax Harbour Clean-up project as well as public school, university and highway construction activity, with the potential $450 million LNG facility in Cape Breton offering considerable upside risk. With the US economy seemingly gaining traction, growth in non-residential construction will likely be complemented by modest growth in the manufacturing, transportation and export sectors over the next 18 months.

In short, with only modest economic and employment growth forecast for Nova Scotia through 2005, the outlook is for an uninterrupted, steady decline in housing activity. Total housing starts in Nova Scotia are forecast to fall from 5,096 last year to 4,450 this year and slip further to 4,225 next year.

Nova Scotia Starts (000's)



Source: CMHC

In Detail

Single Starts: Single-detached home building has maintained impressive momentum courtesy of resale market conditions that have remained tight through the first three quarters of this year. As a result, single starts are poised to increase 4 per cent to 3,100 units this year before posting a 10 per cent decline to 2,800 next year as fading home ownership demand and rising construction costs reduce single family home building.

Multiple Starts: Softening rental market conditions and a growing inventory of new high end condos in Metro Halifax will be the main contributors to the 37 per cent drop in multiple starts province-wide this year. Multiple starts are returning to a more sustainable level of 1,350 units this year and 1,425 units next year after over 2,100 last year. While a sharp decline in apartment starts will be the main factor in this decline, developers will continue to offer row and townhouse units as an alternative to more expensive single detached homes and less spacious condos.

Resales: After falling by over 1,000 sales last year, MLS® sales are expected to hold steady this year with 9,200 transactions. The prospect of mortgage rate increases has brought more first time buyers into the market this year and more new homes selling through MLS® has also mitigated the decrease in resales this year. However, resales are forecast to decline another 4 per cent next year to 8,800 sales as home ownership demand fades with rising mortgage carrying costs and weak employment growth.

Prices: House price growth is beginning to lose momentum as buyers feel market conditions shifting in their favour and more first time buyers change the mix of homes being sold to a larger share of more modestly-priced homes. Nevertheless, it will be 2005 before these trends reveal themselves in the annual price data with price growth this year expected to match 2003's impressive pace before decelerating sharply next year. The average MLS® price will reach $145,500 in 2004 and $147,500 in 2005.

Provincial Highlight

The Metro Halifax condo market has experienced exceptional growth over the past 5 years with condo share of total MLS sales rising from 7% to 11% and condo share of total housing starts rising from 5% to 17%. This has led to some concern about sustainability as home ownership demand declines from its recent peak. However, demand for condos remains impressive with MLS condo sales on track for another record year this year and condo starts expected to maintain 17% market share of total starts over the next two years. However, rising construction costs and mortgage rates are expected to precipitate a shift in demand away from relatively luxurious condos toward more modestly priced units through 2005.

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P.E.I.

Overview

Total Housing Starts to Increase in 2004

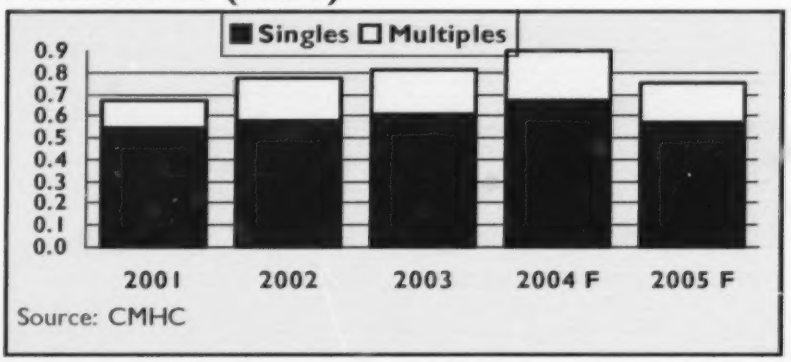
Economic growth on the Island is expected to remain positive in both 2004 and 2005 with GDP growth reaching 1.0 and 1.5 per cent, respectively. However, economic growth will be weaker than expected due to the culmination of a number of factors at work within the Island's economy. One of the major factors is the depressed potato price, which will have a negative impact on the Island's economy even if farmers produce a normal crop. Tourism is also an area of concern, as the number of people visiting the Island has been steadily decreasing since it had reached a peak in 2001. Unless these factors reverse their current trend, they will offset any other sectors' positive performance over the forecast period.

Employment and labour force will show positive growth in both 2004 and 2005. However, the growth will not be as strong as in previous years. The increase is expected to come from the service sector, which has continued to show strength over the past number of years.

One bright spot for the Island's economy is that the province has been able to show strong positive net migration. As a result, the increase in population will continue to support housing demand, especially in the urban centres.

Housing starts are expected to reach 900 units in 2004, an increase of 10.6 per cent from the 2003 level, becoming the highest level of starts on the Island since 1988. Although a decrease to 750 starts is expected in 2005, new home construction will remain strong in historical terms.

P.E.I. Starts (000's)



Source: CMHC

In Detail

Single Starts: The construction of single-family homes is expected to remain strong over the forecast period, with 670 units in 2004, and an additional 575 units in 2005. The drop in 2005 is expected, as the economy is not forecast to support another year of record starts.

Multiple Starts: Multiple starts in 2004 are expected to reach 230 units, an increase of 30 units from 2003. This increase will come from both the Charlottetown and Summerside markets, where several large apartment and row style projects were started during the 2004 building season. Multiple starts will decrease to 175 units in 2005.

Resales: MLS® sales in PEI have hovered around the 1200 mark for the past five years, and this is expected to continue for both 2004 and 2005. While the demand for existing homes remains strong, the diminished supply of listings in the key price ranges continues to be the main factor limiting an increase in sales.

Prices: After several years of strong price growth, fuelled by a shortage of listings and a strong demand for existing homes in the province's urban centres, the average MLS® sales price is expected to increase substantially in 2004 to $108,000, before returning to a more modest increase in 2005, when prices will reach $112,000.

Provincial Highlight

Update on The New Federal Building

The new Federal building in Charlottetown has moved one step closer to being started now that the City of Charlottetown and the Federal Government have come to an agreement on the parking issue. The two sides were at odds over the number of parking spots that would be provided on site, and as to how many would have to be purchased from the city.

Now that the parking issue is settled the last issue that needs to be addressed is a height variance for the building. This will be carried out over the coming months by consultations with neighbours and through public hearings.

The new five-storey, $50-million building is being billed as the most advanced and environmentally-friendly building ever built by the government of Canada.

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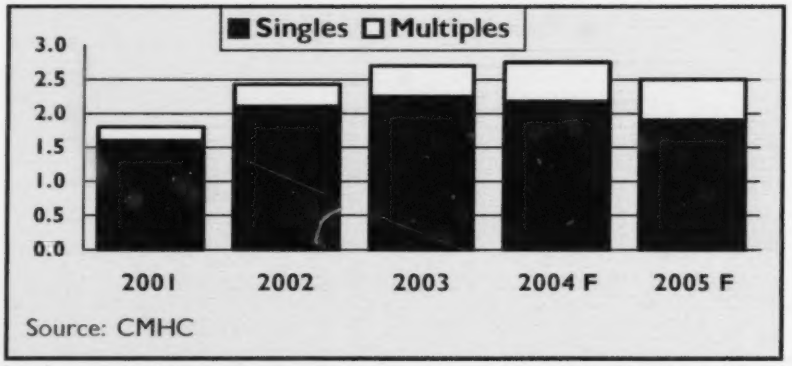
Newfoundland and Labrador

Overview

Economic Growth to Ease as Oil Production Moderates and Government Restraint Takes Hold

After leading the country in four of the previous six years, economic growth in Newfoundland and Labrador is forecast to ease this year and next. Expectations for a slight dip in oil production and ongoing restraint by the provincial government will be largely responsible for the economic slowdown. Labour unrest in both the public and private sectors will also be a drag on GDP growth this year. Despite these negative influences, the province continues to benefit from peak expenditures on the White Rose and Voisey's Bay projects which will underpin a 1.5 per cent increase in GDP in 2004. In 2005, GDP growth will slip to 0.5 per cent as offshore oil production declines further, expenditures on White Rose and Voisey's Bay moderate from this year's peak and deficit reduction measures by the provincial government become more widespread. On the bright side, the infusion of more Federal health care funding should help to ease the financial pressures on provincial coffers and temper overall restraint measures. Additional revenue related to renegotiation of revenue sharing with the Federal Government on offshore oil royalties also provides potential upside over the medium term. Growth in consumer spending will continue, albeit at reduced levels reflecting recent labour unrest, weaker employment growth and rising interest rates. Employment growth slows to 1.7 per cent this year and 0.5 per cent in 2005. While population losses will continue, they will remain quite low relative to the levels of the past decade. In this environment, housing starts are on track to rise to 2,750 units in 2004, but will edge lower in 2005 to 2,500 units.

Newfoundland and Labrador Starts (000's)



Source: CMHC

In Detail

Single Starts: Higher interest rates in tandem with rising construction costs will contribute to a decline in single starts in coming years. Rising inventories of existing homes and a continuing shift towards less expensive multiple units will provide a broader choice for buyers and also siphon off demand for new single-detached dwellings. While single starts will decline to 2,175 units in 2004 and 1,900 units in 2005, expect these conditions to become more prevalent next year.

Multiple Starts: With the cost of home ownership trending higher, the shift towards less expensive multiple style homes will continue. A growing seniors population will also sustain demand for condos. While new rental stock will remain heavily concentrated in single detached homes with basement apartments, expect an additional boost from public sector investment in affordable housing. Accordingly, multiple starts will post healthy gains this year and rise further to 575 units in 2004 and 600 units in 2005.

Resales: Sustained strength in the St. John's region and big gains in Central Newfoundland and Labrador will propel provincial MLS® sales to a record 3,450 units in 2004. Expect sales to fall modestly next year to 3,300 units in line with rising interest rates and slower employment growth.

Prices: Record sales activity and increased use of the MLS® system to sell higher priced new homes will drive the average MLS® price up almost 8.0 per cent in 2004 to $129,000. In 2005, as listings rise and the pace of sales moderates, expect price growth to slow to around 3.0 per cent and the MLS® price to reach $133,000 in 2005.

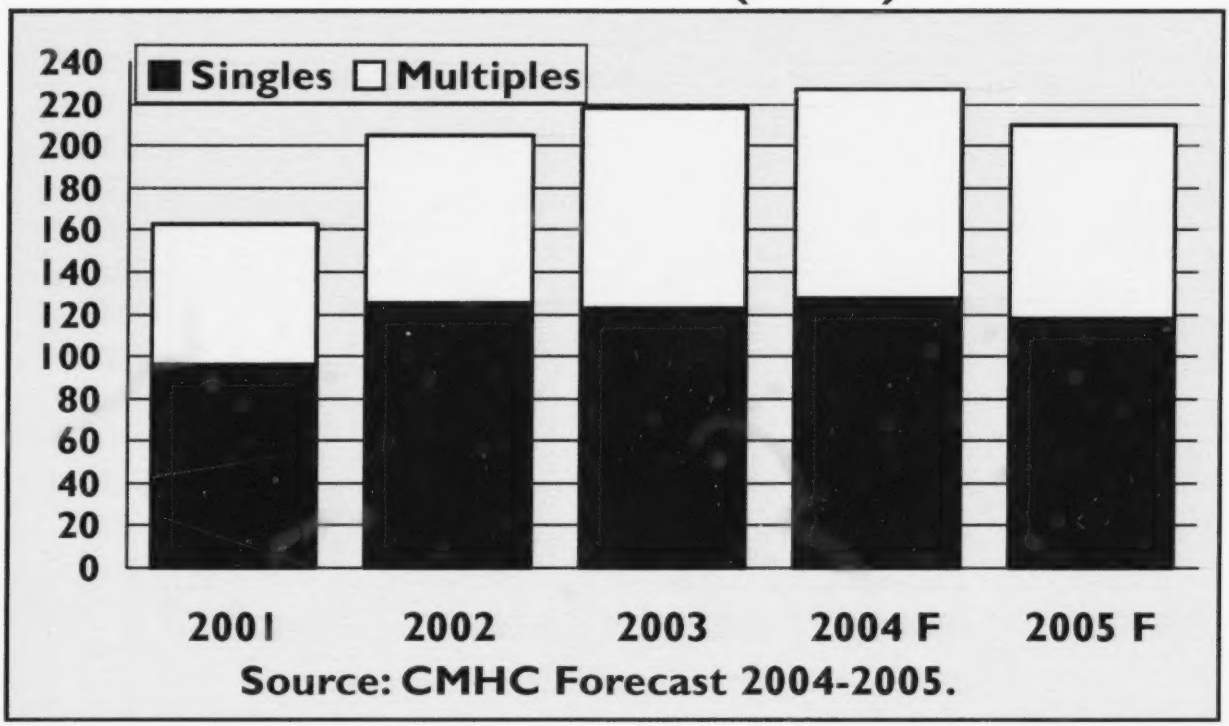
Provincial Highlight

Spotlight on Resale Activity in St. John's

Despite a dip in employment throughout 2004, MLS® sales within the St. John's region remain on pace to hit record levels for the sixth consecutive year. MLS® sales through the Eastern Newfoundland Real Estate Board have advanced 7.4 per cent during the first three quarters and surpassed 400 units in both July and August. This marked the first time ever that monthly MLS® sales have been above the 400 unit level. The average MLS® house price has also set new records in each of the past five years increasing over 30 per cent since 1998. During the first nine months of 2004, the average MLS® house price has jumped another 9.5 per cent to $131,911. While home buying demand continues to benefit from low interest rates, strong employment gains since 1996 have also been a major factor. Between 1996 and 2003, approximately 12,000 jobs were created within the St. John's region with over 96 per cent of these jobs being full-time. Migration to the region and sustained income growth have also provided a major boost.

Contact: Brian Martin (709) 772-4034, bmartin@cmhc-schl.gc.ca

Canada Starts (000's)



Source: CMHC Forecast 2004-2005.

Total Housing Starts
(units and annual percent change)

	1999	2000	2001	2002	2003	2004(F)	2005 (F)
NFLD	**1,371**	**1,459**	**1,788**	**2,419**	**2,692**	**2,750**	**2,500**
%	-5.4	6.4	22.5	35.3	11.3	2.2	-9.1
PEI	**616**	**710**	**675**	**775**	**814**	**900**	**750**
%	17.6	15.3	-4.9	14.8	5.0	10.6	-16.7
NS	**4,250**	**4,432**	**4,092**	**4,970**	**5,096**	**4,450**	**4,225**
%	35.5	4.3	-7.7	21.5	2.5	-12.7	-5.1
NB	**2,776**	**3,079**	**3,462**	**3,862**	**4,489**	**3,750**	**3,700**
%	13.4	10.9	12.4	11.6	16.2	-16.5	-1.3
QUE	**25,742**	**24,695**	**27,682**	**42,452**	**50,289**	**56,000**	**48,000**
%	11.3	-4.1	12.1	53.4	18.5	11.4	-14.3
ONT	**67,235**	**71,521**	**73,282**	**83,597**	**85,180**	**85,200**	**79,000**
%	24.9	6.4	2.5	14.1	1.9	0.0	-7.3
MAN	**3,133**	**2,560**	**2,963**	**3,617**	**4,206**	**4,600**	**4400**
%	8.2	-18.3	15.7	22.1	16.3	9.4	-4.3
SASK	**3,089**	**2,513**	**2,381**	**2,963**	**3,315**	**3,400**	**3,200**
%	4.2	-18.6	-5.3	24.4	11.9	2.6	-5.9
ALTA	**25,447**	**26,266**	**29,174**	**38,754**	**36,171**	**34,000**	**32,000**
%	-6.2	3.2	11.1	32.8	-6.7	-6.0	-5.9
BC	**16,309**	**14,418**	**17,234**	**21,625**	**26,174**	**31,700**	**32,400**
%	-18.2	-11.6	19.5	25.5	21.0	21.1	2.2
Canada	**149,968**	**151,653**	**162,733**	**205,034**	**218,426**	***226,800**	***210,200**
%	9.1	1.1	7.3	26.0	6.5	3.8	-7.3

Source: CMHC Forecast 2004-2005.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	1,233	1,315	1,598	2,092	2,240	2,175	1,900
%	13.5	6.7	21.5	30.9	7.1	-2.9	-12.6
PEI	472	614	551	582	613	670	575
%	22.0	30.1	-10.3	5.6	5.3	9.3	-14.2
NS	3,345	2,856	2,761	3,363	2,968	3,100	2,800
%	48.2	-14.6	-3.3	21.8	-11.7	4.4	-9.7
NB	2,201	2,442	2,573	2,769	3,139	3,000	2,800
%	10.7	10.9	5.4	7.6	13.4	-4.4	-6.7
QUE	15,798	15,349	17,193	25,257	27,225	28,500	25,500
%	7.6	-2.8	12.0	46.9	7.8	4.7	-10.5
ONT	39,421	41,087	39,632	51,114	47,610	48,700	45,000
%	20.4	4.2	-3.5	29.0	-6.9	2.3	-7.6
MAN	2,231	2,348	2,460	3,016	3,165	3,650	3,500
%	-5.8	5.2	4.8	22.6	4.9	15.3	-4.1
SASK	2,070	1,890	1,627	1,931	2,097	2,100	2,100
%	-3.9	-8.7	-13.9	18.7	8.6	0.1	0.0
ALTA	16,688	16,835	19,769	24,520	21,918	21,900	20,000
%	-16.9	0.9	17.4	24.0	-10.6	-0.1	-8.7
BC	8,731	7,448	7,862	10,730	12,252	13,700	13,800
%	0.5	-14.7	5.6	36.5	14.2	11.8	0.7
CAN	92,190	92,184	96,026	125,374	123,227	*127,500	*118,000
%	6.7	0.0	4.2	30.6	-1.7	3.5	-7.5

Source: CMHC Forecast 2004-2005.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	138	144	190	327	452	575	600
%	-62.1	4.3	31.9	72.1	38.2	27.2	4.3
PEI	144	96	124	193	201	230	175
%	5.1	-33.3	29.2	55.6	4.1	14.4	-23.9
NS	905	1,576	1,331	1,607	2,128	1,350	1,425
%	2.8	74.1	-15.5	20.7	32.4	-36.6	5.6
NB	575	637	889	1,093	1,350	750	900
%	25.5	10.8	39.6	22.9	23.5	-44.4	20.0
QUE	9,944	9,346	10,489	17,195	23,064	27,500	22,500
%	17.6	-6.0	12.2	63.9	34.1	19.2	-18.2
ONT	27,814	30,434	33,650	32,483	37,570	36,500	34,000
%	31.9	9.4	10.6	-3.5	15.7	-2.8	-6.8
MAN	902	212	503	601	1,041	950	900
%	71.2	-76.5	137.3	19.5	73.2	-8.7	-5.3
SASK	1,019	623	754	1,032	1,218	1,300	1,100
%	25.6	-38.9	21.0	36.9	18.0	6.7	-15.4
ALTA	8,759	9,431	9,405	14,234	14,253	12,100	12,000
	24.3	7.7	-0.3	51.3	0.1	-15.1	-0.8
BC	7,578	6,970	9,372	10,895	13,922	18,000	18,600
%	-32.6	-8.0	34.5	16.3	27.8	29.3	3.3
CAN	57,778	59,469	66,707	79,660	95,199	*99,300	*92,200
%	13.3	2.9	12.2	19.4	19.5	4.3	-7.2

Source: CMHC Forecast 2004-2005.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type (Units)

		1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NF	Semi-detached	50	44	30	36	66	220	200
	Row	9	23	36	42	107	70	50
	Apartment	79	77	124	249	279	285	350
	Total	138	144	190	327	452	575	600
PEI	Semi-detached	32	46	56	64	72	65	60
	Row	31	21	10	47	40	65	50
	Apartment	81	29	58	82	89	100	65
	Total	144	96	124	193	201	230	175
NS	Semi-detached	218	266	228	253	338	225	200
	Row	29	17	40	144	277	225	225
	Apartment	658	1,293	1,063	1,210	1,513	900	1,000
	Total	905	1,576	1,331	1,607	2,128	1,350	1,425
NB	Semi-detached	134	113	114	186	254	240	280
	Row	94	26	153	68	143	150	140
	Apartment	347	498	622	839	953	360	480
	Total	575	637	889	1,093	1,350	750	900
QC	Semi-detached	1,586	1,291	1,309	1,855	2,432	2,700	2,200
	Row	1,184	858	869	964	773	1,000	800
	Apartment	7,174	7,197	8,311	14,376	19,859	23,800	19,500
	Total	9,944	9,346	10,489	17,195	23,064	27,500	22,500
ON	Semi-detached	6,445	7,167	7,106	6,886	6,379	5,300	4,300
	Row	10,425	10,846	10,269	11,849	12,191	12,700	11,900
	Apartment	10,944	12,421	16,275	13,748	19,000	18,500	17,800
	Total	27,814	30,434	33,650	32,483	37,570	36,500	34,000
MAN	Semi-detached	90	52	51	68	88	120	90
	Row	151	63	84	76	62	70	70
	Apartment	661	97	368	457	891	760	740
	Total	902	212	503	601	1,041	950	900
SK	Semi-detached	155	148	116	142	95	100	150
	Row	104	173	240	456	594	450	350
	Apartment	760	302	398	434	529	750	600
	Total	1,019	623	754	1,032	1,218	1,300	1,100
ALB	Semi-detached	1,570	1,518	1,957	2,869	2,567	2,750	2,950
	Row	1,424	1,545	1,779	2,531	2,859	2,350	2,350
	Apartment	5,765	6,368	5,669	8,834	8,827	7,000	6,700
	Total	8,759	9,431	9,405	14,234	14,253	12,100	12,000
B.C.	Semi-detached	816	885	916	1,225	1,353	1,725	1,800
	Row	1,444	1,675	1,686	2,305	3,297	3,725	3,900
	Apartment	5,318	4,410	6,770	7,365	9,272	12,550	12,900
	Total	7,578	6,970	9,372	10,895	13,922	18,000	18,600
CAN	Semi-detached	11,096	11,530	11,883	13,584	13,644	13,445	12,230
	Row	14,895	15,247	15,166	18,482	20,343	20,805	19,835
	Apartment	31,787	32,692	39,658	47,594	61,212	65,005	60,135
	Total	57,778	59,469	66,707	79,660	95,199	*99,300	*92,200

Source: CMHC Forecast 2004-2005.
* Total does not add due to rounding.

Total Residential Resales
(units and annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	2,437	2,593	2,808	3,014	3,238	3,450	3,300
%	6.5	6.4	8.3	7.3	7.4	6.5	-4.3
PEI	1,184	1,206	1,234	1,221	1,146	1,200	1,200
%	5.2	1.9	2.3	-1.1	-6.1	4.7	0.0
NS	8,827	8,577	9,441	10,243	9,221	9,200	8,800
%	9.6	-2.8	10.1	8.5	-10.0	-0.2	-4.3
NB	4,376	4,524	4,779	5,089	5,489	6,100	6,300
%	12.0	3.4	5.6	6.5	7.9	11.1	3.3
QUE	52,381	57,002	65,962	67,179	67,481	70,180	67,370
%	10.6	8.8	15.7	1.8	0.4	4.0	-4.0
ONT	148,659	147,158	162,318	177,406	184,457	197,000	190,000
%	7.4	-1.0	10.3	9.3	4.0	6.8	-3.6
MAN	10,867	10,612	11,440	11,108	11,523	12,500	13,400
%	1.0	-2.3	7.8	-2.9	3.7	8.5	7.2
SASK	8,053	7,552	7,971	7,933	7,698	8,000	8,500
%	-0.2	-6.2	5.5	-0.5	-3.0	3.9	6.3
ALTA	42,684	43,311	48,989	51,042	51,334	57,000	54,000
%	-1.6	1.5	13.1	4.2	0.6	11.0	-5.3
BC	58,084	54,179	69,554	82,737	93,095	98,000	93,000
%	9.8	-6.7	28.4	19.0	12.5	5.3	-5.1
CAN**	337,552	336,714	384,496	416,972	434,682	*462,600	*445,900
%	6.7	-0.2	14.2	8.4	4.3	6.4	-3.6

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2004-2005.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Average Residential Resale Price
(dollars and annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	94,359	99,525	104,376	113,081	119,822	129,000	133,000
%	3.1	5.5	4.9	8.3	6.0	7.7	3.1
PEI	82,138	82,883	87,696	95,117	99,422	108,000	112,000
%	3.2	0.9	5.8	8.5	4.5	8.6	3.7
NS	102,628	109,839	115,485	126,669	136,292	145,500	147,500
%	5.8	7.0	5.1	9.7	7.6	6.8	1.4
NB	88,072	91,624	95,947	100,129	105,858	112,250	116,000
%	2.5	4.0	4.7	4.4	5.7	6.0	3.3
QUE	106,487	110,284	114,660	130,913	152,042	167,250	178,000
%	3.2	3.6	4.0	14.2	16.1	10.0	6.4
ONT	174,049	183,841	193,357	210,699	226,824	246,000	259,000
%	4.1	5.6	5.2	9.0	7.7	8.5	5.3
MAN	86,423	87,884	93,192	96,531	106,788	119,000	128,000
%	0.0	1.7	6.0	3.6	10.6	11.4	7.6
SASK	91,396	94,047	98,310	101,297	104,995	110,000	115,000
%	4.4	2.9	4.5	3.0	3.7	4.8	4.5
ALTA	139,621	146,258	153,737	170,253	182,845	195,000	206,000
%	5.1	4.8	5.1	10.7	7.4	6.6	5.6
BC	215,283	221,371	222,822	238,877	259,968	289,500	308,000
%	1.5	2.8	0.7	7.2	8.8	11.4	6.4
CAN**	157,634	163,420	171,076	188,904	207,199	*226,200	*238,300
%	3.7	3.7	4.7	10.4	9.7	9.2	5.3

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2004-2005.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Employment (annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	5.5	-0.2	3.3	1.2	1.8	1.7	0.5
PEI	1.5	5.3	2.0	1.8	2.6	0.5	1.0
NS	2.4	2.7	0.9	1.2	1.7	2.4	1.8
NB	3.3	1.8	0.0	3.3	-0.2	1.7	1.5
QUE	2.3	2.4	1.1	3.4	1.6	1.7	1.8
ONT	3.6	3.2	1.5	1.8	2.6	1.8	2.0
MAN	1.3	2.2	0.6	1.6	0.3	0.7	1.3
SASK	0.8	1.0	-2.6	2.0	1.0	0.4	1.3
ALTA	2.5	2.3	2.8	2.6	2.9	2.3	2.1
BC	1.9	2.2	-0.3	1.6	2.5	2.2	2.0
CAN	2.8	2.6	1.1	2.2	2.2	1.8	1.9

Sources: Statistics Canada, CMHC Forecast 2004-2005.
(F) Forecast.

Unemployment Rate (percent)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	16.9	16.7	16.1	17.0	16.7	16.1	15.8
PEI	14.4	12.0	11.9	12.1	11.0	11.3	11.3
NS	9.6	9.1	9.7	9.7	9.3	9.0	8.7
NB	10.2	10.0	11.2	10.5	10.6	10.1	9.7
QUE	9.3	8.4	8.7	8.6	9.1	8.5	8.2
ONT	6.3	5.7	6.3	7.1	7.0	6.9	6.7
MAN	5.6	4.9	5.0	5.2	5.0	5.5	5.4
SASK	6.1	5.2	5.8	5.6	5.6	5.3	5.0
ALTA	5.7	5.0	4.6	5.3	5.1	4.6	4.5
BC	8.3	7.2	7.7	8.5	8.1	7.6	7.5
CAN	7.6	6.8	7.2	7.6	7.6	7.3	7.1

Sources: Statistics Canada, CMHC Forecast 2004-2005.
(F) Forecast.

Real Gross Domestic Product (annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	5.5	5.8	0.9	15.4	6.5	1.5	0.5
PEI	4.2	3.0	0.2	5.7	1.9	1.0	1.5
NS	5.5	4.0	2.6	4.4	0.9	2.2	2.5
NB	6.2	3.1	1.0	4.0	2.6	2.5	2.8
QUE	6.2	4.7	1.8	4.0	1.6	2.9	3.2
ONT	7.5	5.6	1.8	3.6	1.3	2.8	3.2
MAN	1.6	4.6	1.2	2.1	1.4	2.8	3.0
SASK	0.2	3.2	-0.7	-1.5	4.5	3.0	2.9
ALTA	1.4	5.7	2.7	1.5	2.2	4.5	3.8
BC	3.2	4.8	-0.1	2.4	2.2	3.0	3.3
CAN	5.5	5.3	1.9	3.3	2.0	3.0	3.4

Sources: Statistics Canada, CMHC Estimate 2003, CMHC Forecast 2004-2005.
(F) Forecast.

Total Net Migration* (persons)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	-3,384	-4,725	-3,765	-2,718	-454	-1,050	-600
PEI	366	20	357	151	461	450	500
NS	2,313	-564	-195	1,068	1,484	250	-250
NB	35	-1411	-1,175	543	-761	650	300
QUE	10,983	14,848	27,730	28,012	31,515	35,000	37,000
ONT	109,972	151,099	162,871	134,176	101,198	98,500	102,000
MAN	820	-377	-807	1,722	3,245	6,460	6,250
SASK	-6,102	-7,648	-7,675	-6,334	-2,998	-2,050	-1,750
ALTA	27,793	31,012	38,273	29,100	22,395	24,400	24,800
BC	16,231	14,483	28,700	23,105	31,660	33,500	36,500
CAN**	159,027	199,737	244,314	208,825	187,745	*196,110	*204,750

Sources: Statistics Canada, CMHC Estimate 2003, CMHC Forecast 2004-2005.
(F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate structures of 3 units +
Victoria	2003	2,008	969	7.8	7,581	280,625	1.1
	2004(F)	2,280	1,040	10.5	8,100	314,000	0.8
	2005(F)	2,165	1,020	6.0	7,900	320,000	1.9
Vancouver	2003	15,626	5,382	3.3	39,022	329,447	2.0
	2004(F)	19,500	5,700	5.0	40,000	370,000	2.5
	2005(F)	20,000	5,800	4.5	38,000	390,000	2.5
Abbotsford	2003	1,056	634	n.a.	3,647	n.a.	2.5
	2004(F)	1,180	680	n.a.	3,900	220,000	2.8
	2005(F)	1,225	710	n.a.	3,700	233,000	2.6
Edmonton	2003	12,380	6,391	5.7	16,277	165,541	3.4
	2004(F)	10,550	6,300	4.0	17,850	179,500	5.2
	2005(F)	10,000	5,900	3.5	16,800	188,500	4.5
Calgary	2003	13,642	8,526	5.2	24,359	211,155	4.4
	2004(F)	13,500	8,100	5.2	25,700	221,900	5.2
	2005(F)	12,200	7,400	4.0	24,400	232,000	4.8
Saskatoon	2003	1,455	676	2.9	2,848	125,191	4.5
	2004(F)	1,400	700	5.0	3,000	132,000	4.0
	2005(F)	1,400	700	4.0	3,200	138,000	3.0
Regina	2003	889	521	6.2	2,640	104,419	2.1
	2004(F)	1,180	600	6.5	2,800	110,000	4.0
	2005(F)	800	500	6.0	2,900	115,500	3.5
Winnipeg	2003	2,430	1,641	3.7	10,201	108,812	1.3
	2004(F)	2,450	1,800	6.2	11,000	122,000	1.4
	2005(F)	2,450	1,700	7.8	11,800	132,500	1.7
Thunder Bay	2003	211	199	0.9	1,662	111,928	3.3
	2004(F)	300	250	1.5	1,496	112,711	4.0
	2005(F)	280	230	1.5	1,421	113,838	4.5
Sudbury	2003	306	296	0.9	2,191	117,441	3.6
	2004(F)	360	350	1.5	2,410	121,904	3.9
	2005(F)	380	330	1.5	2,507	124,954	4.2
Windsor	2003	2,237	1,632	0.1	5,300	152,000	4.3
	2004(F)	2,470	1,600	0.2	5,600	162,000	4.8
	2005(F)	2,155	1,500	0.3	5,000	167,000	4.9
London	2003	3,027	1,893	4.7	8,412	153,637	2.1
	2004(F)	3,056	2,175	4.8	9,100	168,000	3.0
	2005(F)	2,933	1,850	3.5	8,200	172,500	3.7
Kitchener	2003	3,955	2,663	3.3	5,310	188,905	3.2
	2004(F)	3,730	2,350	3.5	5,800	204,500	3.6
	2005(F)	3,525	2,200	3.4	5,700	219,000	3.2
St. Catharines-Niagara	2003	1,444	1,154	4.9	6,174	154,550	2.7
	2004(F)	1,745	1,300	6.7	6,700	171,000	2.9
	2005(F)	1,600	1,245	6.0	6,400	182,000	3.0
Hamilton	2003	3,260	1,743	6.2	12,807	197,744	3.0
	2004(F)	3,950	1,800	6.4	13,300	215,000	3.0
	2005(F)	4,150	1,850	6.5	13,500	225,000	2.5
Toronto	2003	45,475	19,626	4.3	79,371	293,327	3.8
	2004(F)	43,000	20,500	5.5	84,000	314,000	4.5
	2005(F)	39,500	18,000	6.0	82,000	330,000	5.5

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate Structures of 3 units +
Oshawa	2003	3,907	3,074	n.a.	9,025	219,341	2.9
	2004(F)	3,522	2,700	n.a.	9,700	240,000	3.2
	2005(F)	3,340	2,600	n.a.	9,000	253,000	3.3
Kingston	2003	1,131	718	n.a.	3,651	159,694	1.9
	2004(F)	750	650	n.a.	3,900	178,000	2.1
	2005(F)	800	700	n.a.	4,100	190,000	2.5
Ottawa	2003	6,381	3,055	3.8	12,877	219,713	2.9
	2004(F)	6,900	3,200	7.0	13,600	238,000	3.5
	2005(F)	6,200	2,900	6.0	12,800	253,000	3.0
Gatineau	2003	2,801	1,507	3.5	4,602	129,933	1.2
	2004(F)	2,750	1,600	3.8	4,800	145,000	1.8
	2005(F)	2,450	1,450	3.0	4,300	152,000	2.3
Montréal	2003	24,321	10,360	6.2	35,323	185,883	1.0
	2004(F)	28,000	10,500	7.0	37,000	212,000	1.5
	2005(F)	24,000	9,100	6.0	35,000	228,000	2.0
Trois-Rivières	2003	635	346	n.a.	799	90,941	1.5
	2004(F)	720	320	n.a.	830	100,000	2.0
	2005(F)	600	250	n.a.	730	104,000	3.0
Sherbrooke	2003	1,070	511	n.a.	1,291	117,000	0.7
	2004(F)	1,250	535	n.a.	1,250	131,000	1.7
	2005(F)	1,000	475	n.a.	1,150	140,000	2.5
Québec	2003	5,599	2,674	9.1	6,292	125,958	0.5
	2004(F)	5,800	2,750	7.0	6,400	140,000	1.0
	2005(F)	5,200	2,650	5.0	6,300	151,000	1.8
Saguenay	2003	435	244	n.a.	1,014	94,625	5.2
	2004(F)	290	220	n.a.	1,050	97,500	4.7
	2005(F)	340	230	n.a.	1,085	100,000	4.2
Saint John	2003	580	405	2.9	1,636	106,473	5.2
	2004(F)	530	440	2.0	1,650	115,000	4.8
	2005(F)	550	440	3.0	1,675	119,000	4.5
Halifax	2003	3,066	1,483	4.1	5,813	162,486	2.3
	2004(F)	2,550	1,475	4.2	5,550	177,000	3.0
	2005(F)	2,450	1,300	4.6	5,250	179,000	2.7
St. John's	2003	1,604	1,213	4.4	3,119	121,292	2.0
	2004(F)	1,750	1,225	5.5	3,250	131,000	2.5
	2005(F)	1,650	1,150	4.5	3,100	135,000	3.5
Charlottetown	2003	483	310	1.0	506	118,188	3.4
	2004(F)	490	325	3.5	525	125,000	4.5
	2005(F)	415	275	3.0	500	128,000	3.5
ALL METRO AREAS	2003	161,414	79,846	4.8	313,750		2.2
	2004(F)	165,953	81,185	5.5	330,261		2.8
	2005(F)	153,758	74,455	5.2	318,418		3.2

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2004-2005
n.a.: data not available

Major Housing Indicators
Seasonally Adjusted Annual Rates
(levels and quarterly percent change)

	02:Q4	03:Q1	03:Q2	03:Q3	03:Q4	04:Q1	04:Q2	04:Q3
New housing								
Building permits, units, thousands	214.4	210.4	215.5	232.0	232.0	231.9	252.8	n.a.
%	-3.0	-1.9	2.4	7.7	0.0	-0.0	9.0	n.a.
Housing starts, total, thousands	210.9	220.9	202.2	229.2	226.2	225.5	232.7	237.6
%	3.2	4.7	-8.5	13.4	-1.3	-0.3	3.2	2.1
Housing starts, singles, thousands	127.9	123.0	118.0	125.1	128.1	129.1	125.9	134.4
%	2.3	-3.8	-4.1	6.0	2.4	0.8	-2.5	6.8
Housing starts, multiples, thousands	83.0	97.9	84.2	104.1	98.1	96.4	106.8	103.2
%	4.7	18.0	-14.0	23.6	-5.8	-1.7	10.8	-3.4
Housing completions, total, thousands	54.3	40.8	47.8	55.7	55.0	45.3	48.6	61.6
%	-0.7	-24.9	17.3	16.4	-1.2	-17.6	7.3	26.7
New house price index, 1997=100	113.4	114.6	115.9	117.3	119.0	120.4	122.6	n.a.
%	1.3	1.1	1.1	1.2	1.5	1.2	1.8	n.a.
Existing housing								
MLS® resales, units, thousands	406.1	412.9	417.6	466.1	441.6	446.4	477.4	n.a.
%	1.6	1.7	1.1	11.6	-5.3	1.1	6.9	n.a.
MLS® average resale price, $C thousands	194.2	200.9	203.7	208.9	215.0	220.8	225.5	n.a.
%	3.0	3.5	1.4	2.6	3.0	2.7	2.1	n.a.
Mortgage market								
1-year mortgage rate, per cent*	5.03	5.05	5.08	4.55	4.68	4.30	4.57	4.60
5-year mortgage rate, per cent*	6.80	6.63	6.20	6.28	6.45	5.85	6.45	6.38
Residential investment**								
Total, $1997 billions	59.8	60.8	60.7	63.5	64.8	66.6	67.6	n.a.
%	1.9	1.6	-0.1	4.6	2.0	2.8	1.5	n.a.
New, $1997 billions	30.4	30.3	29.7	30.7	32.1	33.1	33.4	n.a.
%	2.1	-0.2	-2.1	3.4	4.7	3.1	0.9	n.a.
Alterations, $1997 billions	21.0	21.8	22.5	22.9	23.3	24.0	24.0	n.a.
%	1.6	3.8	3.3	1.4	1.8	3.0	0.0	n.a.
Transfer costs, $1997 billions	8.5	8.7	8.7	10.0	9.5	9.6	10.1	n.a.
%	1.4	2.8	-0.4	15.0	-5.1	1.1	5.2	n.a.
Deflator, 1997=100	115.4	116.2	117.4	119.1	121.0	122.0	124.7	n.a.
%	1.5	0.7	1.0	1.5	1.6	0.8	2.2	n.a.

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
n.a. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates .
** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.